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- Agriculture Division -

SK/gp

DELEGATION EP - US

SUPPLEMENTARY INFORMATION ON AGRICULTURE

A comparative table of expenditure on agriculture is as follows:

<u>Bn ECU</u>	<u>EC Budget</u>	<u>US Federal Budget</u>	<u>% of GNP</u>	
			<u>EC</u>	<u>US</u>
1981	11.1	3.5	0.50	0.14
1982	12.4	11.8	0.51	0.38
1983	15.9	21.2	0.61	0.57
1984	18.4	15.1	0.66	0.32

This is a simple basis of comparison and does not take into consideration the value of the expenditure to the farmer. It should be pointed out that 7 m persons are employed in agriculture in the EC, compared to about 3.5 m in the US. Moreover, two thirds of EC expenditure is used to support prices on the internal market, support which includes intervention purchases and stocks.

Mr Block, US Secretary of Agriculture, said on 30 May last that,

"In 1984, the United States spent approximately 7,300 million dollars on farm support programs. In the same year, the EC paid out 14,400 million dollars."

The draft US budget for 1986, which quotes comparative figures for earlier years, shows agricultural outlay as being \$11.9 bn for 1984, which is equivalent to 15.1 bn ECU quoted above.

Since agricultural expenditure varied considerably in the years 1981 to 1984, it is difficult to make an adequate comparison by taking a single year. Agricultural expenditure expressed as a percentage of GNP, though increasing, was relatively constant in the EC, while it varied considerably in the US.

Share in the World Market for Wheat

The annexed table shows the position over the last ten years. The US share varied between 42% and 47% with the exception of 1973/74 (which was an abnormal year on world agricultural markets) and 1981/82. Since then the US share of the market has fallen from 49% to 37.4%, which is the cause of their present grievance, while the Community share has indeed risen from 13.9% to 15.8%. In the same period, however, Argentina and Australia have both increased their market shares from 4.3% to 7.2% in the first case and from 11.3% to 14.4% in the second.

The increase in the value of the dollar undoubtedly played an important role in changing market shares.

Specific comments

The US Secretary of Agriculture said on 6 June in Maastricht,

"EC exports of wheat have jumped over 7 million tons since 1980; Canada ... up 4 millions; Argentina ... up 3.4 million tons; but US wheat exports ... down 6 million tons."

The attached table shows that the figures quoted for the EC and the US are not correct. EC exports of wheat increased from 13.6 m tonnes in 1980/81 to 16.5 m tonnes in 1984/85 - less than 3 m tonnes. Over the same period US exports fell by a little more than 3 m tonnes. US exports were quite different in 1981/82, but this was an exceptional year.

"For feedgrains the picture is even worse. Argentina's exports are up over 5 million tons; Thailand ... up a million tons; the EC ... up 2.6 million tons; but US exports have dropped 20 million tons."

Taking the US definition of feedgrains which include corn, sorghum and barley, the position is as follows:

	<u>Exports to world market (m tonnes)</u>			
	<u>US</u>	<u>Thailand</u>	<u>Argentina</u>	<u>EC^x</u>
1980/81	69.5 m	2.4	14.2	4.4
1981/82	58.4	3.5	10.3	5.5
1982/83	54	2.4	11.6	2.6
1983/84	55	3.1	10.9	3.8

SOURCE: USDA - Circular October 1984

SOURCE: European Commission, figures exclude seed and relate to calendar years only.

The figures at our disposal do not support Mr Block's contention. In the period 1980/81 to 1983/84 US exports fell by 14.5 m tonnes; Thai exports increased by .7 m tonnes, Argentinian exports decreased by 3.3 m tonnes and EC exports fell by .6 m tonnes.

SHAPES OF MAJOR EXPORTING COUNTRIES IN WORLD WHEAT TRADE (inc. flour)

Thousand tons

CROP YEAR	WORLD TOTAL	of which:				
		ARGENTINA	AUSTRALIA	CANADA	EEC	USA
1973/74	63,071	1,106	5,509	11,737	5,467	31,068
1974/75	63,358	2,178	8,049	11,168	7,145	28,325
1975/76	66,523	3,111	8,072	12,136	7,793	31,522
1976/77	61,795	5,584	8,357	12,904	4,256	26,395
1977/78	72,361	2,670	11,144	15,899	4,629	31,495
1978/79	71,729	3,307	7,246	13,471	8,274	32,450
1979/80	85,985	4,748	15,362	14,958	11,055	36,581
1980/81	94,052	3,932	11,088	17,015	13,553	42,077
1981/82	100,745	4,281	11,405	17,751	13,990	49,332
1982/83	96,145	7,471	8,530	21,120	14,085	39,311
1983/84	100,100	9,600	11,500	21,200	15,000	35,300
1984/85	104,200	7,500	15,000	17,900	16,500	39,000
AS A PERCENTAGE OF WORLD TOTALS						
1973/74	100	1.7	8.7	18.6	8.7	49.3
1974/75	100	3.4	12.7	17.6	11.3	44.7
1975/76	100	4.7	12.1	18.2	11.7	47.4
1976/77	100	9.0	13.5	20.9	6.9	42.7
1977/78	100	3.7	15.4	22.0	6.4	43.5
1978/79	100	4.6	10.1	18.8	11.5	45.2
1979/80	100	5.5	17.9	17.4	12.9	42.5
1980/81	100	4.2	11.8	18.1	14.4	44.7
1981/82	100	4.3	11.3	17.6	13.9	49.0
1982/83	100	7.8	8.9	22.0	14.6	40.9
1983/84	100	9.6	11.5	21.2	15.0	35.2
1984/85	100	7.2	14.4	17.2	15.8	37.4

